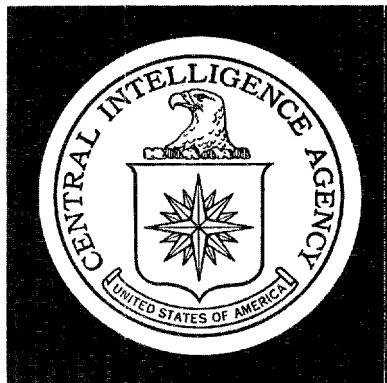


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DIA and DOS review(s) completed.

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21 March 1970

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Approved For Release 2003/05/29 : CIA-RDP79T00975A015800080001-8

SECRET

No. 0069/70
21 March 1970

Central Intelligence Bulletin

CONTENTS

Laos: The military situation continues to deteriorate.
(Page 1)

Cambodia: Sihanouk apparently has no intention of
bowing out gracefully. (Page 2)

25X6

Libya: The regime has taken special security precau-
tions to forestall a coup attempt. (Page 4)

Turkey: Martial law may soon be declared in Istanbul
and Ankara. (Page 5)

Nigeria: The first stage of currency conversion is
under way. (Page 6)

Burundi: The government is facing a severe financial
crisis. (Page 7)

Honduras - El Salvador: An atmosphere of tension is
building within Honduras. (Page 8)

Surinam: A series of strikes has contributed to the
unsettled political situation. (Page 9)

Philippines: Government reorganization (Page 10)

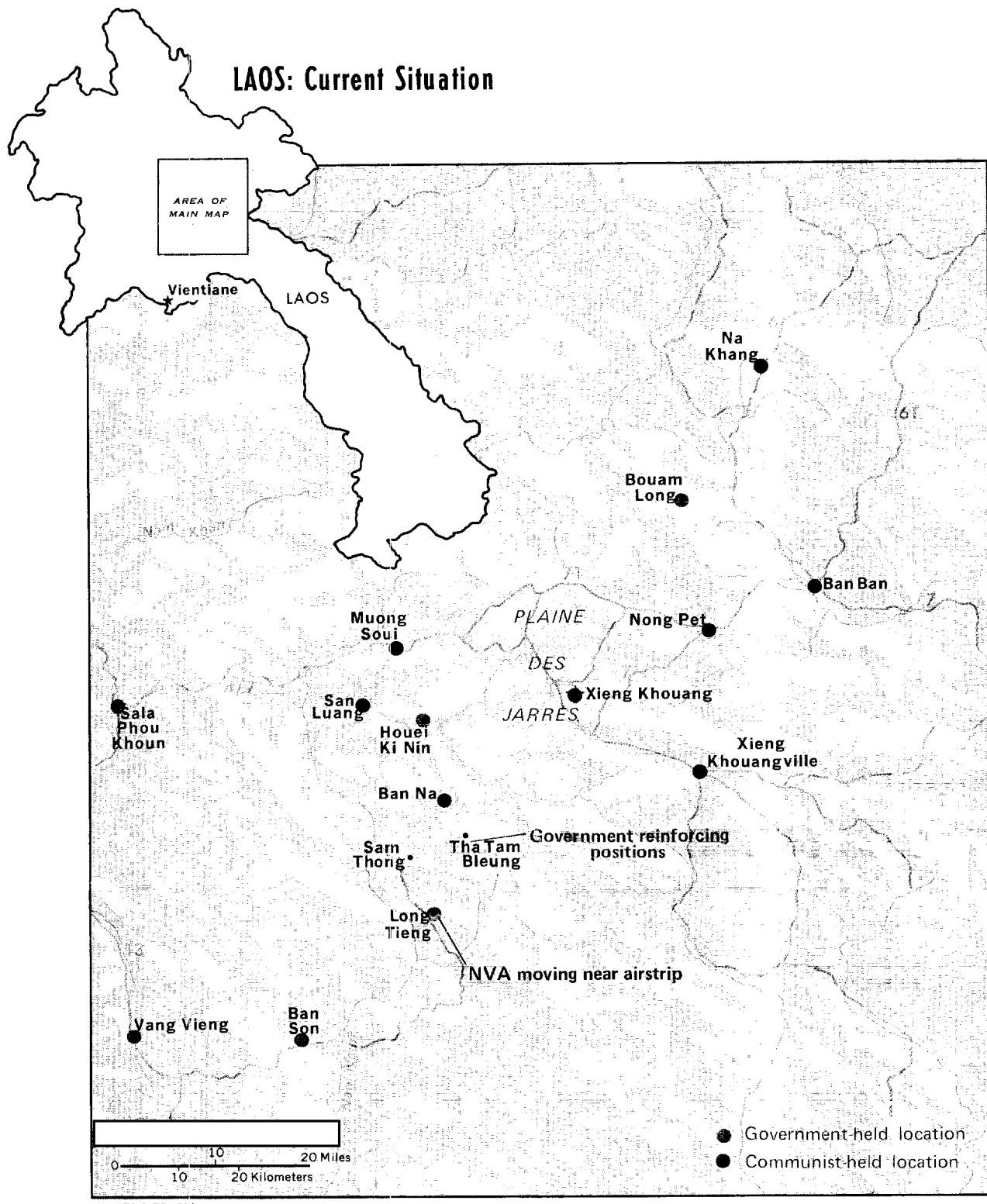
Peru: Support for Velasco (Page 10)

The Netherlands: Provincial elections (Page 10)

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Approved For Release 2003/05/29 : CIA-RDP79T00975A015800080001-8



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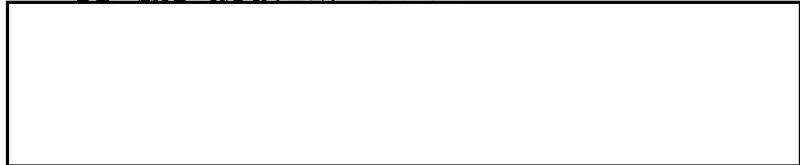
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Laos: The government has moved additional reinforcements into Long Tieng, but the military situation continues to deteriorate.

North Vietnamese troops have pushed to within one mile of the airstrip despite the deployment of new government troops into the hills immediately north of the base. Vang Pao now has some 800 troops dug in around the headquarters complex, but with enemy units closing in, there is a real danger of the government losing its use of the airstrip.

In an attempt to block further enemy troop movements into the northern approaches to Long Tieng, Vang Pao is reinforcing positions immediately south of the heavily contested Tha Tam Bleung area.

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Cambodia: Sihanouk apparently has no intention of bowing out gracefully.

Sihanouk, denouncing the Lon Nol government's recent actions as "unconstitutional," released a statement in Peking on 20 March calling for a nationwide popular vote, to be administered by an "armed contingent" of the International Control Commission. In an obvious appeal for foreign support, Sihanouk argued that recognition of the Lon Nol government would be an illegal act. He made no mention of a clandestine return to the country or of the possible use of force.

Sihanouk's unrealistic appeal for a referendum will almost certainly fall on deaf ears in Phnom Penh. The government already has passed the point of no return in its relations with Sihanouk as its current campaign to discredit him indicates.

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21 Mar 70

Central Intelligence Bulletin

2

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Approved For Release 2003/05/29 : CIA-RDP79T00975A015800080001-8

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Libya: The regime has taken special security precautions to forestall a possible coup attempt.

Ruling Chairman Qaddafi's right-hand man, Major Jaluud, made a sudden trip to Cairo on 11 March,

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[redacted] A further indication of the government's concern over a developing opposition is the recent arrest of 160 persons in Cyrenaica for antiregime plotting.

Additional troops, possibly Egyptian, have been arriving since 9 March. Bringing in more Egyptians will exacerbate antiregime sentiments, however, because these stem primarily from Libyan resentment over the large number of Egyptians already in the country. Resentment is strongest in Cyrenaica, where there is considerable suspicion of Egyptian expansionist designs. The introduction of more Egyptian troops might also encourage the anti-Egyptian faction in the council, headed by Cyrenaican Governor Kharubi, to remove Qaddafi.

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21 Mar 70

Central Intelligence Bulletin

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Turkey: Martial law may soon be declared in Istanbul and Ankara in an attempt to curb continuing student violence.

Senior Turkish authorities have decided to put these two key cities under military control if the students continue to cause trouble during the weekend, [redacted]
Another student march in the current series is being planned for today in Ankara.

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There have been many incidents in at least five cities during the past three weeks. To a considerable degree extremists have taken over the student movement, and political issues and anti-Americanism have largely replaced valid academic grievances as reasons for the student protest. The president of the Revolutionary Youth Federation, which has sponsored the youth forums and demonstrations, has been arrested for distributing leaflets calling on the people and the army to revolt. Several of these forums have led to violent demonstrations or attacks on US property, both private and public.

The current rash of student unrest appears to be the most highly organized and widespread in several years. Because student extremism has alienated many of those who were previously sympathetic, stronger police action at this time probably would receive broad popular support.

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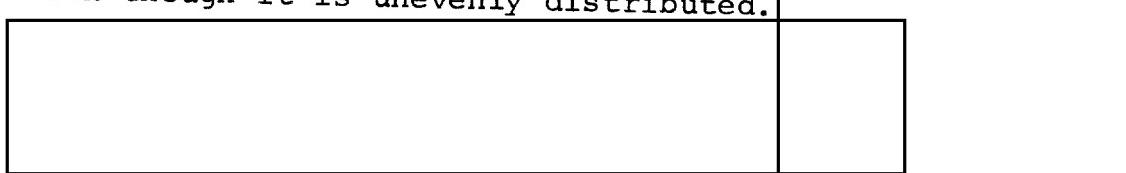
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Nigeria: The first stage of currency conversion is under way in the last redoubt of the former secessionist regime, the East Central State.

The first stage involves collecting old Biafran notes, which had been issued in large quantities in the later stages of the war. According to press reports, the Central Bank of Nigeria (CBN) has accepted deposits of these notes with a face value of some 100 million pounds. This currency was grossly inflated during the civil war. There has been no large-scale exchange of currencies to date, and the rate of exchange has not been announced. Moreover, the government is sensitive to the attitudes of politically important elements who believe that too much is already being done for the defeated secessionists.

The scarcity of an acceptable currency is a serious impediment to recovery and reconstruction of the Biafran enclave. The impending end of the circulation of the Biafran currency has slowed the re-establishment of old marketing and trade patterns. A substantial amount of Nigerian money, however, is flowing into the East from the relief effort, troop expenditures, government salary advances, spending by private firms, and financial assistance provided by families in other parts of the country. This provides considerable purchasing power, even though it is unevenly distributed.



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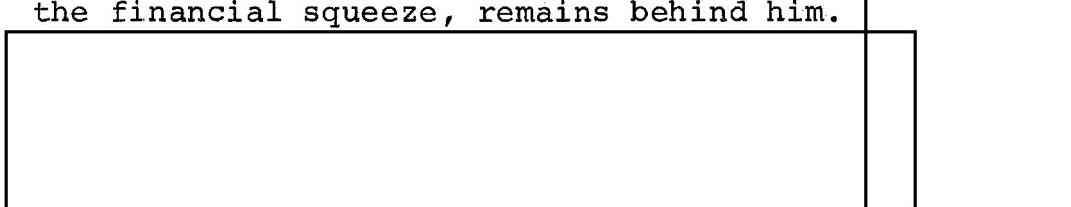
Burundi: Criticism of President Micombero's inaction in the face of a continuing financial crisis is increasing.

A poor coffee crop resulted in a shortfall of revenue in 1969. Government overspending, coupled with large unpaid debts to the private sector and IMF insistence on a balanced budget, now have forced the government to make drastic cuts in some expenditures. A number of civil servants have been fired and the salaries of 7,000 others have reportedly been reduced.

These government employees, as well as the private holders of long-unpaid government debts, are predictably dissatisfied with President Micombero's administration. Some believe that a change of leadership would solve their problems.

President Micombero's unwillingness or inability to address himself directly to these problems is apparently adding to public dissatisfaction. His ability to maintain his position rests, however, on whether the army, which has not been affected by the financial squeeze, remains behind him.

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21 Mar 70

Central Intelligence Bulletin

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Honduras - El Salvador: An atmosphere of tension is building within Honduras.

A significant segment of Honduran officialdom, including government officials close to the President and in the foreign office, plus officers in the General Staff, have persuaded themselves that the Salvadorans are planning another invasion.

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[redacted] the news media have been playing up the recent series of minor border clashes.

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[redacted] Honduran President Lopez wants to continue in office despite constitutional provisions forbidding a second term, and he may be trying to perpetuate the aura of crisis in order to give himself an excuse to suspend the constitution and postpone elections. Nevertheless, the mood of fear and uncertainty and the sense of isolation that is spreading among the people appears to be genuine and could lead to public demonstrations against Honduran enemies, imagined and real.

With congressional elections out of the way, the Salvadorans have less incentive to keep tension high, and they are now ready to resume negotiations. The Honduran refusal to continue bilateral talks as long as border incidents continue, however, may make acceptance of OAS proposals for a demilitarized zone a necessary first step.

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Surinam: A series of strikes has contributed to the unsettled political situation.

For the past three weeks, labor unrest has affected both the private and government sectors of the economy and there is fear that it may spread. One of the nation's major firms, the Surinam Aluminum Company, is faced with a plant shutdown within the next seven to ten days because the strikes have reduced the flow of supplies. Customs personnel have been striking in protest over what they say are unfair government demands for overtime. Government mediators have had success in settling some of the disputes, but union officials are clearly not satisfied.

The labor unrest itself probably will not cause serious consequences, but a further deterioration of the financial situation, more political dissatisfaction, and increased racial tension between Negroes and East Indians could weaken the government's position.



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Philippines: President Marcos has called for the resignation of all officials appointed by him so he can reorganize the government, according to press reports. The move is probably an effort to appear responsive to student demands for changes, but it is unlikely that whatever personnel changes Marcos intends to make will be followed up by a significant redirection in government policies. Several cabinet changes last month have not yet resulted in any discernible moves toward meeting student grievances.

* * * *

Peru: Top military and police officers have reaffirmed their support for the policies of the Velasco government. President Velasco held a meeting at the national palace yesterday following several days of rumors that moderate officers in the military were planning a move against the radicals in the government. The US Embassy comments that it appears that Velasco has taken the initiative and will probably outmaneuver his opponents again. The ambassador warns, however, that it is not yet clear exactly where the President stands following these events.

* * * *

The Netherlands: Prime Minister De Jong and his three coalition partners are interpreting the results of Wednesday's provincial elections as a renewed vote of confidence. Coalition leaders had feared a marked swing to the opposition parties, and were contemplating calling for early national elections rather than risk further erosion. In the provincial elections, however, losses suffered by three of the four coalition parties were less than expected, and the fourth partner even scored gains. As a result, De Jong and his colleagues hope to serve out their mandate that runs until next spring.

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